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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Applicant :	Scott C. Harris	Group Art Unit 3679
Appl. No. :	09/669,805	
Filed :	September 26, 2000	
For :	REAL TIME AUCTION WITH END GAME	
Examiner :	Ernesto Garcia	

Applicant's Brief on Appeal

Commissioner For Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Dear Sir:

Applicant herewith files this brief on appeal, thereby perfecting the notice of appeal that was originally filed on October 15, 2007. The sections required by 37 CFR 41.37 follow.

Appl. No. : **09/669,805**
Filed : **September 26, 2000**

Real party in interest

This application is not assigned, and hence the inventor
Scott C. Harris is the real party in interest.

Appl. No. : **09/669,805**
Filed : **September 26, 2000**

Related appeals and interferences

Application number 09/780,248 is a continuation in part of this (appealed) application. '248 is still under appeal, and has had a judgment rendered on the merits. That judgment is currently under reconsideration.

Appl. No. : **09/669,805**
Filed : **September 26, 2000**

Status of claims

Claims 2, 5, 7, 13-29 are pending in the case. Claims 7, 23 and 24 had been withdrawn based on a previous restriction.

Claims 2, 5, 13-22 and 25-29 are rejected and are appealed herein.

Appl. No. : **09/669,805**
Filed : **September 26, 2000**

Status of amendments

It appears that the amendment after final filed on August 28, 2007, and then again on September 17, 2007 was never actually considered by the patent office, due to their allegation that the drawing change was in improper form. While applicants attempted to obviate this rejection by refiling that drawing change, the patent office again improperly refused to consider the substance of the amendment after final, alleging that even though the drawings were clearly labeled as replacement sheets, that they somehow, inexplicably, still were not replacement sheets.

Accordingly, it is unknown whether these amendments have been entered, or not entered. Applicant again urges that these changes should be entered after final, since they place the case in better condition for appeal.

Appl. No. : 09/669,805
Filed : September 26, 2000

Summary of claimed subject matter

Claim 2 requires hosting an Internet auction for an item on a first computer that is connected to the Internet. This is described in the originally filed specification on page 4, lines 1-13.

Claim 2 requires that the system allows placing bids to purchase an item from a second computer. Page 4 line 6 describes that the server keeps track of all the bids, and that the bids are from remote terminals 110, 120 and 130, connected over the Internet to the server. Thus, any of these computers can be the "second computer".

Claim 2 further require storing information on a second computer about a bid that will be required to overcome any current bids on the item, see the last three lines of page 15 which describe the variable win_bid, which is the amount necessary to win the current auction until outbid. The first 10 lines of page 16 describe this as stored on the client computer, or in the words of claim 2, "the second computer". This also describes that the computer can determine substantially immediately whether the entered bid is higher than the current bid amount.

Claim 7 is withdrawn and hence is not appealed herein.

Appl. No. : **09/669,805**
Filed : **September 26, 2000**

Claim 13 requires hosting an auction on a first computer that allows a plurality of users at remote locations. See page 4 lines 1-13. Claim 13 requires that one of the bids is the highest bid and another bid can exceed that highest bid. See page 4, lines 1-13, and the variables described in the bottom nine lines of page 15.

Claim 13 requires that the first computer displays the current winning amount but does not display the highest bid. See page 6 lines 17 through 24 page 10 lines 1 through 3, and others. Claim 13 further requires a quick bid that will automatically exceed the highest bid. See page 19 line 19 through page 20 line 24.

Claim 18 requires a server running a program that displays information about an item to be auctioned and accepts bids and keeps track of the maximum bid see page 4 lines 1-13. Claim 18 further requires a client enabling and sending a bid to the server with a single click. See the quick bids described page 19 line 19 through page 20 line 24.

Claim 25 requires hosting an auction on a first computer, see page 4 lines 1-13. Claim 25 requires displaying the current pricing keeping secret a current maximum bid. See the variables described in the bottom nine lines of page 15. Claim 25 requires displaying an icon that allows a bid to be placed that is high

Appl. No. : **09/669,805**
Filed : **September 26, 2000**

enough to exceed the current maximum bid without contacting the first computer, see the last two lines on page 19 through the first four lines on page 20. This is checked in the second computer without contacting the first computer.

Appl. No. : 09/669,805
Filed : September 26, 2000

Grounds of rejection to be reviewed on appeal

Have the drawings been properly corrected?

Does the specification provide proper antecedent basis for the claimed subject matter under 35 USC 112?

Are the claims properly rejected under 35 USC 112 as failing to comply with the written description requirement and/or the enablement requirement?

Are the claims properly rejected under 35 USC 112 as being indefinite?

Are claims 2, 5, 22, 25 and 26 properly rejected based on 35 USC 102 based on eBay's "proxy bidding"?

Are claims 13-17 and 21 properly rejected under 35 USC 103 as being obvious based on "proxy bidding" in view of Hartmann?

Argument

Objections to the Drawings

Appl. No. : 09/669,805
Filed : September 26, 2000

Drawing corrections were twice submitted after final. These drawing corrections were first rejected since they were not replacement drawing sheets - stating that annotated drawing sheets were no longer acceptable. HOWEVER, this was in clear contradistinction to page 4 of the May 15 2007 Official action, which had an entire section allowing "Annotated Drawing Sheets".

Nonetheless, the drawings were resubmitted as replacement drawing sheets. Nothing in the "information" or the rules or MPEP requires that these replacement drawing sheets be free of markups and/or annotations. Nonetheless, the Patent Office improperly refused to consider these also, improperly stating that since these drawings had markings, they were not replacement sheets.

Since the drawing corrections were properly submitted, and obviated the Examiner's objections, it is respectfully submitted that the drawings should have been considered and that the issues have been obviated.

Rejections Under Section 112

This includes: Does the specification provide proper antecedent basis for the claimed subject matter, are the claims properly rejected under 35 USC 112 as failing to comply with the written description requirement and/or the enablement

Appl. No. : 09/669,805
Filed : September 26, 2000

requirement, and are the claims properly rejected as being indefinite?

Many of these issues were obviated by the amendment after final.

Certain claims, including claims 14-16 and 20, stand rejected as not being supported by the originally filed specification. These contentions are respectfully traversed for reasons set forth herein. Primarily, however, it is important to note the claims 14, 15, 16 and 20 were original claims, that were originally filed with this application on its September 26, 2000 filing date. Hence, these claims logically must be supported by the original specification. The exact language of the claims was added to the specification after final to obviate any antecedent basis rejection.

The first objection is to claim 14, which states that the "quick bid overcomes only those bids which are known". Note that claim 14 is an original claim, and it is hence logically inconsistent to contend that the specification does not support this claim. In any case, since this was an original claim, the subject matter of this claim was added to page 19 of the specification.

The objection to claim 15 is respectfully traversed for similar reasons: claim 15 is an original claim, and cannot

Appl. No. : 09/669,805
Filed : September 26, 2000

logically be unsupported by the specification. In any case, the original specification describes extensively that some bids are, in effect, secret and not known. See for example page 10 lines 10-17.

The objection to claim 16 is similarly traversed. The determining both secret bids and non-secret bids is clearly shown page 20 lines 8-10. In any case, the subject matter of original claim 16 was added to page 20 of the specification, since this was an original claim.

Similarly, the subject matter of claim 17 has been added to page 20, since claim 17 was an original claim.

The objection to claim 20 has been added to this section.

These claims are ORIGINAL claims, and cannot logically be considered as new matter or in any way unsupported. Since these were original claims, and as such, clearly cannot be new matter.

The typographical error in the changes to figure 5 was corrected.

Claims 2, 13, 18, 22 and 26 stand objected to based on informalities. Many of these contentions are respectfully traversed.

The suggestions to claim 2 were adopted.

Claim 13 is believed completely clear as currently written.

Claim 18 defines a programmED computer.

The objections to claim 22 were obviated herein by amendment.

Appl. No. : **09/669,805**
Filed : **September 26, 2000**

Claims 25 and 26 were amended.

The objection to claim 29 is respectfully traversed. The bid is certainly placed using a single click according to the language of figure 7A and 7B. Admittedly, there is a confirmation of whether we want the bid to be actually placed, but the bid itself is placed with a single click. See figure 7A which shows quick bid, shows that a single "click", is made on the quick bid. A single click on that quick bid places the bid. While admittedly thereafter there may be a confirmation, the bid itself is placed with a single click.

With all due respect, the rejection reads this claim as though the claim read "the entire bid is placed with a single click and that no other clicks are necessary to confirm.". Claim 29 does not recite this -- it only says that the bid is "placed". Figure 7A clearly shows one click on the quick bid to place the bid.

Claims 2, 5, 13-17, 21, 22, 25, 26 and 29 stand rejected as allegedly failing to comply with the adequate written description requirement. These contentions are factually incorrect, and are respectfully traversed.

For claim 2, the objection queries how the amount required to overcome any current bids is used to determine whether an entered bid is higher than the current bid without the user viewing the amount required. As explained on page 16, the local "applet" runs on the user's terminal. This is updated with

Appl. No. : 09/669,805
Filed : September 26, 2000

minimum bid amounts, and winning bid amounts. The agent is therefore able to accept or reject the bid substantially immediately. See page 16 lines 9-10. Figure 6A (page 16 line 17-18) may be executed when maximums are known to all agent applets. However, if the new bid is greater than the winning bid at 640, see the bottom of page 17, other bids which are going to be released at later times may be investigated by the agent manager. The winning bid may not be known to all agents, see the bottom of page 17. The test at 650 determines if the current bid is greater than the minimum, and therefore this determines whether the entered bid is higher than a current bid amount, and does so without contacting the first computer.

The "current winning amount" in claim 13 does not mean that it will win the auction; it only means that it is higher than any known bid. There may be a higher bid somewhere out there, that is maintained secret. Just like on eBay today: just because you are the winner an hour before the end of the auction does not mean that you will win -- there may be others willing to place bids that exceed your winning position.

With all due respect, the objection to claim 25 simply states that the bid is allowed to be placed without contacting the first computer. Claim 25 does not recite that the bid is actually placed with the first computer without contacting the first computer.

Appl. No. : **09/669,805**
Filed : **September 26, 2000**

Claims 2, 5, 22 and 25 stand rejected under 35 USC 112, second paragraph, as allegedly being indefinite.

Regarding claim 2, applicant agrees that allowing placing bids is not the same as placing bids. However, this method limitation of allowing bids to be placed certainly does further limit the claim, since it states that the bids are allowed to be placed. This clause also states that there is a second computer connected to the Internet.

Regarding claim 5, the indefiniteness rejection is respectfully traversed, and it is unclear what relevance to the "user" has to a claim that states providing the bids to an agent program which keeps the bid secret until a time of day and day specified by the indication. It is not understood what relevance this has to "whether the user really knows the current bid and further how can you keep an entered bid secret by the user". Claim 5 says nothing about the user: it only says providing the bids to an agent.

Applicants respectfully traverse the objection that a second computer must be recited in claim 13. Claim 13 defines hosting the auction, and the ability to bid.

The objection to "enabling the quick bid" is also respectfully traversed, the ability to allow something to happen is certainly a limitation, whether it actually is recited as happening or not.

Appl. No. : **09/669,805**
Filed : **September 26, 2000**

With regards to claim 16, applicants respectfully traverse the objection for similar reasons to those discussed above. With regard to claim 22, applicants respectfully traverse the objection for similar reasons to those discussed above. With regard claim 25, the "current maximum bid" is believed completely clear in context. Hence, this contention is respectfully traversed.

Rejections Based on Prior Art

Claims 2, 5, 25, 26 and 28 stand rejected under 35 USC 102b as allegedly being unpatentable over Ebay's proxy bidding, herein "Ebay". This contention is respectfully traversed.

Claim 2 requires hosting an Internet auction on a first computer connected to the Internet, allowing placing bids for amounts to purchase from a second computer, and storing information on the second computer about an amount which will be required to overcome any current bids on the item. Claim 2 also requires that information indicative of the amount is not viewable on the second computer, but allows local determination of whether an entered bid is higher than a current bid amount without contacting the first computer.

With all due respect, the patent office interprets this language as though it means nothing at all. Claim 2, for example, allows placing bids to purchase an item from a second

Appl. No. : **09/669,805**
Filed : **September 26, 2000**

computer. Since claim 2 allows placing the bids from the second computer, claim 2 recites capabilities on the second computer that so allows. However, the rejection attempts to read this language out of the claim 2. This is improper.

Claim 2 also allows that the second computer that allows placing bids to purchase the item, stores information about how much it will take to overcome the current bid, and that an amount is not viewable on the second computer. In other words, claim 2 require storing secret information, that "allows local determination, at the second computer, of whether an entered bid is higher than the current bid amount without contacting said first computer". While claim 2 does not use the word "secret", it does recite that the information "cannot be viewed ... by a user". A person having ordinary skill would likely understand that this is, therefore, secret.

The eBay proxy bidding allows storing an amount of the bid to be placed at some later time. In eBay, a user can, for example, have a current bid amount of one dollar, and store a proxy bid of five dollars. The proxy bidding system will automatically bid an amount, up to the maximum entered bid, and to maintain the user's high bid. However, nothing in the proxy bidding system stores information "indicative of the amount that will be required to overcome any current bids (and) cannot be viewed by a user of the second computer". eBay's proxy bidding

Appl. No. : 09/669,805
Filed : September 26, 2000

stores everything on the computer hosting the auction, and does not store secret information on the second computer that places the bids, as claimed.

Claim 2 allows determining whether the data is higher than the current bid amount without contacting the first computer. This can enable faster bidding, and more efficient systems.

Consider the unexpected advantage of this system. When a proxy bid has been entered, as is done on eBay, a current bid amount may be one dollar as in the example above, but the proxy bid amount may be five dollars. A user who places a bid does not know what that proxy amount is. Moreover, there are certain reasons to keep that amount secret. Accordingly, the present claim 2 requires storing "information ... that cannot be viewed" at the second computer. The second computer that places the bids stores this secret information, and allows local determination of whether that bid should be accepted without contacting the first computer.

These limitations are not disclosed by the proxy bidding document, and in fact, have never been part of the proxy bidding system.

Moreover, with all due respect, all claim limitations must be considered and the current rejection has not so considered these limitations.

Consider, by analogy, the law on printed matter, such as set forth in In re Miller, 164 USPQ 46 (CCPA, 1969). In that case,

Appl. No. : 09/669,805
Filed : September 26, 2000

the CCPA required that the examination take into account the claimed printed matter, even though printed matter by itself was unpatentable. Similarly here - the Patent office must consider all claim limitations. The patent office is not entitled to ignore any claim limitation, whether it is the method steps or the information in the database. Information in the database that is recited in the claim must be given patentable weight. Miller, by analogy, seems squarely on point.

In rejecting claim 2, the rejection's interpretation of what eBay does, does not properly consider the limitations of the claim. Claim 2 requires that information is stored on the second computer about an amount that will be required to overcome any current bids on the item. EBay does not currently store that kind of information on the local computer. EBay may store information about what the next bid increment will be, but not store information on the second computer about the amount that will be required to overcome any current bids on the item as claimed. Ebay stores this only on the server.

Since the prior art does not disclose storing information on the second computer of the type claimed, specifically about an amount that will be required to overcome current bids on the item, and the amount is secret and enables local determination of whether an entered bid is higher than the current bid without contacting the first computer, claim 2 recites elements that are

Appl. No. : 09/669,805
Filed : September 26, 2000

not disclosed by the eBay proxy bidding document, and hence claim 2 is not properly rejected as being anticipated thereby.

Claim 5 requires that the bids also include an indication of time and date and that the placing provides the bids and keeps those big secret until a time of day and date that is specified by the indication. Proxy bidding keeps the bid secret only until they are necessary to overcome the current bid. Applicant is sensitive to the fact that the time when those proxy bids become necessary to overcome the current bid must necessarily happen at some time and some day. However, claim 5 requires that the bids include an indication of time and date, and that the bids are kept secret until that time and date. While eBay's proxy bidding does keep the bid secret until some time, it is not a time and date that is included as an indication within the bid itself as claimed. Therefore, claim 5 should be allowable.

Claim 25 defines a method, which has a first computer that hosts an auction, and accepts bids from at least one other computer. Claim 25 requires displaying an icon that allows a bid to be placed without contacting the first computer. The icon enables placing a bid that is high enough to exceed the current maximum bid. Claim 25 also requires determining whether an entered bid is higher than the secret maximum bid amount and informing the user without contacting the first computer.

The eBay proxy bidding does not disclose that the second computer store secret information, that the second computer can

Appl. No. : **09/669,805**
Filed : **September 26, 2000**

use that information without contacting the first computer, and nothing in eBay proxy bidding discloses an icon that allows a bid to be placed without contacting the first computer. Ebay Proxy bidding does not disclose that bid being high enough to exceed the current maximum bid. As explained above, the eBay proxy bidding document does not disclose storing this special kind of secret information on the local computer. The rejection is therefore incorrect.

Therefore, claim 25 should be allowable, along with claims 26 and 28 that depend therefrom.

To reiterate the above, there is not one word in the cited Ebay proxy bidding prior art about the second computer (the one that is placing bids, not the one that is hosting the auction) storing information that allows overcoming all current bids and does so without contacting the first computer. There is not one word about this in the cited eBay proxy document. Therefore, the rejection based on 35 USC 102 does not meet the patent office's burden of providing a *prima facie* showing of unpatentability, since the cited prior art does not disclose each and every element of the rejected claims.

Reversal of this rejection is hence requested.

Rejection of claims 13-17 and 21 under 35 USC 103 based on eBay in view of Hartmann.

Appl. No. : 09/669,805
Filed : September 26, 2000

Claim 13 recites a method of automated auction bidding that uses a first computer connected to the Internet to host an auction. In the words of claim 13, the first computer does not display "a minimum bid amount that will be required to exceed said highest bid". Claim 13 further defines "enabling a quick bid whereby a user can automatically bid an amount which will exceed the highest bid with a single click".

The rejection apparently admits that the proxy bidding document does not show this latter limitation.

The secondary reference to Hartmann teaches a system of a quick item purchase. However, this quick item purchase is wholly different than a quick auction win.

Admittedly, Hartmann allows an item to be purchased using a single mouse click. However, considering the scope and contents of Hartmann, one clearly sees that the item being purchased is a fixed price item, on a site that sells many of these items. It is like a retail store. The user knows there is a fixed price, and the user can easily decide that they want to purchase this item.

In contrast, claim 13 recites features which are specific to an auction. These features would not be used in a Hartmann fixed price item order scenario. In a Hartmann order scenarios such as taught by Hartmann, there is an established exact price. The single click of Hartmann puts together that established price

Appl. No. : 09/669,805
Filed : September 26, 2000

with user information and processes the order. A one click auction, on the other hand, requires actually determining the price that will be used to end the auction. Hartmann teaches nothing about how to do that part, and never contemplated it. It is antithetical to auction teaching. Nothing in eBay teaches how to establish that price and keep secret that price.

A one click end to an auction is quite simply antithetical to any established conventional teaching in the art. A typical auction attempts to find the highest possible price for the item. A one click end to an auction goes against that established wisdom.

Therefore, a person having ordinary skill in the art would not be motivated to combine Hartmann with eBay. Even if one wanted to make that combination, one would obtain no guidance on how to do so.

Even if the combination where made, one would only obtain an ebay style bidding system with a Hartmann style "one click purchase" of an item with a fixed price. Nothing in the combination of prior art shows a one click purchase of an item in a bidding style scenario.

Therefore, claim 13 should be allowable along with the claims which depend therefrom.

Moreover, the so called "KSR factors" for obviousness further demonstrates the unobviousness of this system.

Appl. No. : 09/669,805
Filed : September 26, 2000

First of all, nothing in the prior art discloses the same result as claim 13, and in fact, nothing in the prior art would enable ending an auction with a single click. Nothing teaches going against the conventional wisdom that an auction should get the highest possible price by going to the very end.

Moreover, claim 13 requires that the first computer does not display "a minimum bid amount that will be required to exceed said highest bid". However, even though there is this secret information, the non-displayed "minimum bid amount that will be required to exceed said highest bid", still claim 13 enables a quick bid that can automatically bid an amount that will exceed the highest bid with a single click. This is not fairly suggested by the hypothetical combination of prior art.

Nothing in either piece of prior art teaches automatic bidding of an amount that will exceed non-displayed bid amounts.

Nothing in either piece of prior art discloses anything about a quick bidding scenario. Hence, since nothing in either piece of prior art discloses this, it is clear that nothing in the combination of the two references could possibly so disclose. This is quite antithetical to the usual teaching of an auction progression, and hence is far from being "predictable".

This is certainly not combining prior art elements according to known methods to yield predictable results. There is nothing predictable about using a one click system to end an auction early. In fact, doing so defies conventional wisdom.

Appl. No. : **09/669,805**
Filed : **September 26, 2000**

Since there are no predictable results provided by claim 13, it is also not substitution of one element for another to obtain predictable results, use of a known technique to include a similar device, applying a known technique to a known device to yield predictable results, obvious to try to obtain predictable solutions, or a variation that would have been predictable to one having ordinary skill in the art. In fact, the results here are wholly unpredictable: they defy conventional wisdom, and therefore are wholly unobvious even under the KSR criteria.

The dependent claims are further obvious. Claim 14 specifies that only some of the bids are overcome, claim 15 specifies the times of the bids, the distinctions of which have been explained in detail above.

Claim 17 defines an extra fee for a secret versus non-secret bids. The previous rejection had stated that there were no method limitations in this claim, however this is incorrect since claim 17 recites an action that includes an extra fee. Charging a fee is certainly an action, and the patent office is not entitled to ignore these limitations.

Claims 18-20 and 29 similarly stand rejected based on eBay in view of Hartmann. This is even further respectfully traversed. Nothing in Hartmann teaches or suggests how a bid could be sent to a server with one click. Nothing in eBay teaches or suggest this either. The rejection is entirely based on hindsight, at nowhere is there any teaching or suggestion of

Appl. No. : **09/669,805**
Filed : **September 26, 2000**

sending a bid with a single click. Therefore, the combined "scope and contents" does not disclose the claimed features.

Therefore, and in view of the above, the current rejection is incorrect, and should be reversed.

Respectfully submitted,

Date: 12/16/07 _____ /Scott C Harris/ _____
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Appl. No. : 09/669,805
Filed : September 26, 2000

Claims appendix

2. A method comprising:

hosting an Internet auction for an item on a first computer connected to the Internet;

allowing placing bids for amounts to purchase said item from a second computer, connected to the Internet; and

storing information on the second computer about an amount that will be required to overcome any current bids on the item, which information indicative of the amount that will be required to overcome any current bids cannot be viewed by a user of the second computer, but which information allows local determination, at the second computer, of whether an entered bid is higher than a current bid amount without contacting said first computer.

5. The method as in claim 2 wherein said bids include an indication of time and date, and said placing comprises providing bids to an agent program, which keeps the amounts of the bids secret until a time of day and date that is specified by the indication associated with the bid.

7. A method of conducting an auction on the Internet, comprising:

Appl. No. : **09/669,805**
Filed : **September 26, 2000**

on a computer connected to the Internet, first hosting a first portion of the auction in a mode where users view an item, and a price for the item, in a manner in which users can place bids on items, and in which a current highest bid can be requested by another computer connected to the internet; and

second hosting a second portion of the auction in an interactive manner, in which the auction participants place real time bids, which real time bids are seen automatically by other participants in the auction.

13. A method of automated auction bidding, comprising:

on a first computer connected to the Internet, hosting an auction which allows a plurality of users at remote locations, that are remote from a location of said first computer, to bid on an item, where one of the plurality of users has a highest bid which represents a maximum amount that the one user is willing to pay, and at least one other of the plurality of users can bid an amount that exceeds said highest bid, said first computer displaying a current winning amount, which is an amount that exceeds all the other bids on the item, but which may be less than, or the same as, said highest bid, depending on a relationship between said highest bid and said all the other bids, and said first computer not displaying said highest bid, and not displaying a minimum bid amount that will be required to exceed said highest bid; and

Appl. No. : **09/669,805**
Filed : **September 26, 2000**

enabling a quick bid whereby a user can automatically bid an amount which will exceed the highest bid with a single click .

14. The method as in claim 13 wherein there are a plurality of bids, some of which are known and others of which are secret, and wherein said quick bid only overcomes those bids which are known.

15. The method as in claim 14 wherein said plurality of bids includes a plurality of bids, associated with times when those maximum bids can be made, and only those bids whose times have been reached are known.

16. The method as in claim 15 further comprising enabling an action which allows determining both secret bids and non-secret bids.

17. The method as in claim 16 wherein said action includes an extra fee beyond that which would be charged for only non-secret bids.

18. A system, comprising:
a server running a program that displays information about an item to be auctioned, and accepts bids on said item, and keeps track of a maximum bid; and

Appl. No. : **09/669,805**
Filed : **September 26, 2000**

a client, enabling and sending a bid to said server with a single click which includes an amount of a bid.

19. The system as in claim 18, wherein said server automatically updates at least one screen being seen on at least one client to automatically show new bid amounts.

20. The system as in claim 18, wherein said client allows sending a plurality of bids, to be executed at a plurality of times.

21. The method as in claim 13, wherein an amount of said quick bid is displayed responsive to a specified action by the user.

22. The method as in claim 2, wherein said auction is one in which the server stores maximum bid amounts by users, but only displays a current bid amount without displaying said maximum bid amount, and wherein said values stored at said second computer determines whether an entered bid is higher than said maximum bid amounts.

23. The method as in claim 7, in which users can not view information about other bidders in the auction during said first

Appl. No. : 09/669,805
Filed : September 26, 2000

portion of the auction, but can view information about other bidders on the auction during said second part of the auction.

24 The method as in claim 7 wherein said second portion comprises displaying information on client bidders who are currently bidding on the auction.

25. A method, comprising:

on a first computer connected to the Internet, hosting an Internet auction for at least one item;

accepting bids on said at least one item from at least one other computer, connected to said first computer, and displaying a current price for the item on said other computer, and keeping secret a current maximum bid which has been placed for the item from a user of said other computer; and

displaying an icon on said other computer which allows a bid to be placed without contacting said first computer, wherein said icon enables placing a bid which is high enough to exceed said current maximum bid, and

in said second computer, determining whether an entered bid is higher than said secret maximum bid amount, and informing a user at said second computer without contacting said first computer.

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Appl. No. : **09/669,805**
Filed : **September 26, 2000**

26. The method as in claim 25, further comprising running an applet on said second computer, which includes information enabling determining whether an entered bid is higher than said maximum bid.

29. The method as in claim 25, wherein said icon allows said bid to be placed using a single click.

Appl. No. : **09/669,805**
Filed : **September 26, 2000**

Evidence appendix

(none)

Appl. No. : **09/669,805**
Filed : **September 26, 2000**

Related proceedings appendix

(attached)

The opinion in support of the decision being entered today was *not* written for publication in and is *not* binding precedent of the Board.

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte SCOTT C. HARRIS

Appeal 2007-0325
Application 09/780,248
Technology Center 3600

Decided: April 16, 2007

Before ROBERT E. NAPPI, LINDA E. HORNER, and ANTON W. FETTING,
Administrative Patent Judges.

FETTING, *Administrative Patent Judge.*

DECISION ON APPEAL

STATEMENT OF CASE

¹This appeal involves a final rejection of claims 5-7, 9-11, 15-30, 32, and 33¹.

We have jurisdiction over the appeal pursuant to 35 U.S.C. §§ 6 and 134.

¹ Claims 1-4 are withdrawn from consideration following restriction. Claims 8 and 12-14 are cancelled. The Examiner has no rejection against claim 31, although it is among those claims subjected to a new ground of rejection in this decision.

1 We AFFIRM-IN-PART and MAKE A NEW GROUND OF REJECTION
2 PURSUANT TO 37 C.F.R. § 41.50(b).

3
4 The Appellant invented virtual auctions carried out more like a real live
5 auction. This live auction includes certain refinements which improve it for use on
6 the Internet, with each of a plurality of bidders being identifiable; a combination of
7 an on-line auction and off-line auction, with the off-line auction forming
8 effectively a display period for the merchandise during which the users can place
9 bids, and the on-line auction forming a final bidding period for the goods during
10 which the goods are actually sold; and an agent for use in an online auction, in
11 which not only the amounts of the bids, but also the time when those amounts are
12 released, are specified (Specification 2). An understanding of the invention can be
13 derived from a reading of exemplary claim 5, which is reproduced below.

14 5. A method, comprising:

15 allowing each of accepting bids from a plurality of users to
16 submit bids for a specified item being auctioned, said bids being
17 submitted from any of a number of clients over a network to a server
18 which collects said bids; and

19 defining rules for actions in said auction, said rules including at
20 least a time when the action will take place, and an actual action that
21 will take place at the defined time; and

22 keeping the rules secret until the defined time.

23
24 This appeal arises from the Examiner's Final Rejection, mailed July 20, 2005.
25 The Appellant filed an Appeal Brief in support of the appeal on May 12, 2006, and
26 the Examiner mailed an Examiner's Answer to the Appeal Brief on July 28, 2006.

1 PRIOR ART

2 The prior art references of record relied upon by the Examiner in rejecting the
3 appealed claims are:

4	Ladner	US 5,847,971	Dec. 8, 1998
5	Barzilai	US 6,012,045	Jan. 4, 2000 (filed Jul. 1, 1997)
7	Scaer	US 6,101,498	Aug. 8, 2000 (filed Nov. 17, 1997)
9	Harrington	US 6,161,099	Dec. 12, 2000 (filed May 29, 1998)
11	Shoham	US 6,285,989 B1	Sep. 4, 2001 (filed Aug. 7, 1998)
13	Holden	US 2001/0032175 A1	Oct. 18, 2001 (effective filing Apr. 27, 2000 ²)
15	Dinwoodie	US 6,415,269 B1	Jul. 2, 2002 (filed May 29, 1998)
17	Alaia	US 6,499,018 B1	Dec. 24, 2002 (filed May 14, 1999)

19 Dennis L. Prince, *Auction This! Your Complete Guide to the World of Online
20 Auctions*, 136 (Prima Tech, 1999).

21
22 eBay Help : Basics : FAQ : Auction Formats (Nov. 22, 1999).

23

² The Examiner should verify the propriety of relying on Holden as prior art, in view of the instant application's claim to the benefit of a provisional application 60/169,728, filed Dec. 8, 1999.

1 REJECTIONS³

2 Claims 15-19 and 29 stand rejected under 35 U.S.C. § 112, second paragraph,
3 as failing to particularly point out and distinctly claim the invention.

4 Claims 15, 16, and 19 stand rejected under 35 U.S.C. § 102(e) as anticipated by
5 Barzilai.

6 Claim 28 stands rejected under 35 U.S.C. § 102(e) as anticipated by Holden.

7 Claims 5-7 stand rejected under 35 U.S.C. § 103(a) as obvious over Shoham
8 and eBay Help.

9 Claims 9-11 stand rejected under 35 U.S.C. § 103(a) as obvious over Shoham
10 and Harrington.

11 Claims 23, 24, and 27⁴ stand rejected under 35 U.S.C. § 103(a) as obvious over
12 Barzilai and Auction This!.

13 Claims 25 and 26 stand rejected under 35 U.S.C. § 103(a) as obvious over
14 Barzilai, Auction This!, and Dinwoodie.

15 Claim 17 stands rejected under 35 U.S.C. § 103(a) as obvious over Barzilai and
16 Ladner.

17 Claim 18 stands rejected under 35 U.S.C. § 103(a) as obvious over Barzilai and
18 Scaer.

³ The Examiner also entered a provisional non-statutory double patenting rejection with respect to co-pending application 09/669,805 (Br. 13; Answer 13-14). Application 09/669,805 has not issued as a patent, and therefore this provisional rejection is not ripe for appeal and we do not treat it in this opinion.

⁴ The Examiner included claims 12-14 in this rejection (Answer 9), but, as the Appellant indicated (Br. 10), these claims have been cancelled.

¹ Claim 20 stands rejected under 35 U.S.C. § 103(a) as obvious over Shoham and Scaer.

³ Claims 21 and 22 stand rejected under 35 U.S.C. § 103(a) as obvious over Shoham, Barzilai, and Scaer.

5 Claim 29 stands rejected under 35 U.S.C. § 103(a) as obvious over Holden.

6 Claims 30 and 32 stand rejected under 35 U.S.C. § 103(a) as obvious over
7 Holden and Alaia.

ISSUES

The issues pertinent to this appeal are

- Whether claims 15-19 are properly rejected as indefinite:
 - Whether the phrase “which allows entering a user to enter “ is insolubly ambiguous (Br. 6).
 - Whether claim 29 is indefinite
 - Whether a phrase that begins with “allowing” is indefinite for not positively reciting that which is allowed (Br. 6).
 - Whether claims 15, 16, and 19 are properly rejected as anticipated by Barzilai
 - Whether the art applied shows displaying information which allows a user to enter either one of a bid for said item, or an amount that automatically wins the auction (Br. 7).

- 1 • Whether claim 28 is properly rejected as anticipated by Holden.
 - 2 ◦ Whether the art applied shows treating a bid received within a
 - 3 predetermined period of time before an end time of an auction less
 - 4 favorably than bids received prior to said predetermined period (Br. 7-
 - 5 8).
- 6 • Whether claims 5-7 are properly rejected as obvious over Shoham and eBay
- 7 Help.
 - 8 ◦ Whether the art applied teaches or suggests defining rules for actions
 - 9 in an auction, said rules including at least a time when the action will
 - 10 take place, and an actual action that will take place at the defined
 - 11 time; and keeping the rules secret until the defined time (Br. 8⁵).
- 12 • Whether claims 9-11 are properly rejected as obvious over Shoham and
- 13 Harrington.
 - 14 ◦ Whether the applied art teaches or suggests making a decision at the
 - 15 local computer to accept or reject a new bid from a user at the local
 - 16 computer; and only if the new bid is accepted at said local computer,
 - 17 sending information about the new bid to the server computer,
 - 18 wherein said accepting a bid comprises comparing a local bid to said
 - 19 highest bid information, and sending said information to said server
 - 20 computer only when said local bid is higher than said highest bid
 - 21 information (Br. 9-10).

⁵ The Appellant includes claim 8 in their contentions regarding this issue, but claim 8 is cancelled.

- 1 ● Whether claims 23, 24, and 27 are properly rejected as obvious over Barzilai
2 and Auction This!.
 - 3 ○ Whether the art applied teaches or suggests automatically updating
4 said displaying on each of said plurality of computers with new
5 information (Br. 10-11 – also see Footnote 4 *supra*).
- 6 ● Whether claims 25 and 26 are properly rejected as obvious over Barzilai,
7 Auction This!, and Dinwoodie.
 - 8 ○ Whether the art applied teaches or suggests streaming video or stop
9 motion video (Br. 11).
- 10 ● Whether claim 17 is properly rejected as obvious over Barzilai and Ladner.
 - 11 ○ Whether the art applied teaches or suggests a three-dimensional view
12 of an item for sale (Br. 11).
- 13 ● Whether claim 18 is properly rejected as obvious over Barzilai and Scaer.
 - 14 ○ Whether the art applied shows or suggests a screen tip indicating bid
15 amounts (Br. 11).
- 16 ● Whether claim 20 is properly rejected as obvious over Shoham and Scaer.
 - 17 ○ Whether the art applied shows or suggests a screen tip associated with
18 an item for sale (Br. 12).
- 19 ● Whether claims 21 and 22 are properly rejected as obvious over Shoham,
20 Barzilai, and Scaer.
 - 21 ○ Whether the art applied shows or suggests a screen tip associated with
22 an item for sale (Br. 12).

- Whether claim 29 is properly rejected as obvious over Holden, and claims 30 and 32 as obvious over Holden and Alaia (Br. 12).

FACTS PERTINENT TO THE ISSUES

The following Findings of Fact (FF), supported by a preponderance of substantial evidence, are pertinent to the above issues.

01. The Appellant admits that the phrase “which allows entering a user to enter” is erroneous and that it will be corrected (Br. 6).
 02. The Appellant admits that the use of the word “allowing” in claims 15-19 and 29 do not positively recite their object and that this is intentional (Br. 6).
 03. Thus, the use of the phrases beginning with “allowing” in claims 15-19 and 29 present breadth, but not indefiniteness.
 04. The Examiner contends that claim 15 and the claims that depend from it contain a limitation in the alternative regarding the information that is entered by a user, *viz.*, “either one of a bid for said item, or an amount that automatically wins the auction,” such that the claim claims entry of either of the limitations (Answer 5, 15).
 05. A series of claim limitations recited in the alternative is satisfied if any one of the limitations is met. Therefore, the phrase “either one of a bid for said item, or an amount that automatically wins the auction,” a phrase recited in the alternative, is met if either of the limitations is met.
 06. The Examiner further contends, and the Appellant agrees, that the phrase “allowing displaying information which allows . . . a user to enter

1 either one of a bid for said item, or an amount that automatically wins
2 the auction," is not positively recited within the claim (Answer 4, 15; Br.
3 6).

4 07. From a claim construction standpoint, allowing a user to enter either
5 one of a bid for said item, or an amount that automatically wins the
6 auction is no more limiting than allowing a user to enter an amount,
7 since the functional relationship between the amount and the operation
8 of the procedure is not positively recited.

9 08. Barzilai shows displaying an item for sale by auction over a network
10 and displaying information to enter a bid for said item (Barzilai, Fig. 5
11 and col. 1, ll. 48-67).

12 09. Thus, Barzilai shows displaying information which allows a user to
13 enter either one of a bid for said item, or an amount that automatically
14 wins the auction.

15 10. Claim 28 requires that a bid received towards the end of an auction is
16 treated "less favorably" than a bid received prior to that predetermined
17 period (Br. 7).

18 11. The Examiner states that because Holden's late arriving bids cause an
19 auction extension, they are treated differently and less favorably than
20 those earlier received (Answer 15-16).

21 12. Holden states that

22 In a further embodiment of the method and system, an
23 automatic extend ("auto extend") feature is available in block
24 709. This feature is enabled during the scheduling phase of the
25 auction, but is not acted upon until the scheduled end time. If

1 bidders make bids very close to the end of the auction, the
2 auction is automatically extended by a predetermined amount of
3 time. This prevents what is commonly referred to as "sniping,"
4 e.g., waiting until moments before the auction closes to place a
5 small incremental winning bid and preventing competing bids
6 to be entered (the auction ends before competitors can place a
7 bid). [Holden, Paragraph [0083].]

- 8 13. As the Appellant indicates, the bids are treated the same in Holden.
9 The only difference is that the auction is extended. This does not in any
10 way treat the bids less favorably. The bids are treated precisely the same
11 way during the auction extension that they are before the auction
12 extension (Br. 8).
- 13 14. Shoham shows defining rules for actions in an auction in its
14 description of a Market Specification Console (Shoham, col. 5, l. 65 to
15 col. 9, l. 27), said rules including at least a time when the action will take
16 place, and an actual action that will take place at the defined time
17 (Shoham, Table 2, col. 7-8).
- 18 15. Claim 5 and the claims that depend from it contain the limitation of
19 "keeping the rules secret until the defined time." These claims do not
20 recite from whom the claims are to be kept secret.
- 21 16. Shoham recites an exemplary rule of "If trader A modifies a bid by
22 more than Z% then close access to the market for trader A and
23 investigate for gaming behavior" (Shoham, col. 8, ll. 15-19).
- 24 17. A person of ordinary skill in the art would know that rules to reduce
25 gaming behavior are generally kept secret because general knowledge of
26 the rules would enable gaming behavior just insufficient to trigger the
27 rules. Thus, Shoham suggests the types of rules that would be kept

1 secret from those they were intended to uncover until such time as the
2 behavior triggered the rule and access was closed.

3 18. Also, as the Examiner indicated, eBay discloses the reserve price
4 auction at page 1 "What Is a Reserve Price Auction," where the bidding
5 rule is that a reserve price is kept secret until a defined time (the time at
6 which bids meet or exceed the reserve price). It would have been
7 obvious to one of ordinary skill in the art at the time of the invention to
8 modify Shoham with a secret rule, such as that of eBay, because this
9 would allow a seller to not sell at an unacceptably low price (Answer 8).

10 19. Harrington describes a process of conducting an auction and of
11 comparing bids during the auction. In particular, Harrington states

12 The bidders' computers are provided with commercially available
13 browser software that communicates through the network with an
14 auctioneer's server. Auction terms and conditions, and a description of
15 the instruments to be auctioned, are broadcast or otherwise made
16 available by the auctioneer's server to the bidders' computers. During
17 the auction the auctioneer's server broadcasts or otherwise makes
18 available selected bid information such as bidder status (i.e., leader or
19 not leader), or the current highest bid and, if desired, the identity of
20 the current highest bidder. Software on the server, or perhaps on the
21 bidders' computers in a JAVA implementation, guides the bidders
22 through the bidding process and provides computational assistance in
23 preparing their bids and comparing them to the current highest bid.
24 The bidder may prepare a tentative bid, review it and modify it before
25 submitting it. A confirmation step may be implemented to insure that
26 the bid is correct before it is submitted. When a bid is "submitted", it
27 is compared with the current highest bid. If the submitted bid is higher
28 than the current highest bid, it becomes the new current highest bid
29 and, if desired, is made available to all bidders. (Harrington, col. 5, ll.
30 14-36).

- 1 20. Thus, Harrington shows an auction system in which the highest bid is
2 continually shared by the server with all of the clients, and that software
3 on the bidders' computers in a JAVA implementation provides
4 computational assistance in preparing bids and comparing them to the
5 highest bid, and only then are the bids submitted after a confirmation
6 step.
- 7 21. Thus, Harrington shows making a decision at the local computer to
8 accept or reject a new bid from a user at the local computer; and only if
9 the new bid is accepted at said local computer, sending information
10 about the new bid to the server computer, wherein said accepting a bid
11 comprises comparing a local bid to said highest bid information, and
12 sending said information to said server computer only when said local
13 bid is higher than said highest bid information.
- 14 22. The Examiner took official notice that web browsers have the capacity
15 to automatically refresh, i.e., update their contents, when appropriately
16 triggered (Answer 10).
- 17 23. The Appellant contends that when the trigger is manually pressing a
18 refresh button, the action is not automatic (Br. 10).
- 19 24. Claim 23, and the claims depending from it do not specify what
20 degree of automation is provided. Certainly, the instructions that a
21 program follows to refresh data after an operator triggers a refresh
22 automatically updates the information. Further, push technology, which
23 caused a server to continually refresh clients with data in web
24 applications was notoriously old and well known at the time of the
25 invention.

- 1 25. Thus, the reference to a web browser in Auction This! suggests
- 2 automatically updating said displaying on each of said plurality of
- 3 computers with new information.
- 4 26. Dinwoodie shows adding video streaming to an auction site
- 5 (Dinwoodie, col. 6, ll. 51-60).
- 6 27. As the Examiner indicated, it was notoriously old and well known at
- 7 the time of the invention to pause video, which is a species of the genus
- 8 of stop action.
- 9 28. Thus, Dinwoodie shows or suggests streaming video or stop motion
- 10 video.
- 11 29. Ladner shows three-dimensional display of items for sale (Ladner,
- 12 Fig. 24 and col. 1, ll. 6-14).
- 13 30. Barzilai relates sales and auction environments (Barzilai, col. 1, ll. 48-
- 14 51).
- 15 31. Thus, the art applied shows or suggests a three-dimensional view of
- 16 an item for sale in an auction environment.
- 17 32. Scaer shows the use of transient display to provide supplemental data,
- 18 triggered by cursor hovering, otherwise known as screen tips (Scaer, col.
- 19 2, ll. 7-12, 41-43).
- 20 33. Screen tips are used to provide help on items in a display.
- 21 34. Bid amounts and an item for sale in Barzilai and Shoham are instances
- 22 of items in a display for which help would be appropriate.

1 35. Thus, the art applied shows or suggests a screen tip indicating bid
2 amounts.

3 36. Thus, the art applied shows or suggests a screen tip associated with an
4 item for sale.

5
6 ANALYSIS

7 *Claims 15-19 and 29 rejected under 35 U.S.C. § 112, second paragraph, as failing
8 to particularly point out and distinctly claim the invention.*

9 The Appellant agrees that claim 15 contains a grammatical error and that this
10 will be corrected (FF01). Thus, this grammatical error does render the claim
11 indefinite until corrected. The Appellant similarly agrees that the phrases
12 beginning with the word “allowing” are not positively recited (FF02). Thus, the
13 claims are broad, but not indefinite (FF03).

14 Accordingly we sustain the Examiner's rejection of claims 15-19 under 35
15 U.S.C. § 112, second paragraph, as failing to particularly point out and distinctly
16 claim the invention, as it pertains to the narrow grammatical error in the phrase
17 “which allows entering a user to enter,” but we do not sustain the Examiner's
18 rejection of claims 15-19 and 29 under 35 U.S.C. § 112, second paragraph, as
19 failing to particularly point out and distinctly claim the invention as they pertain to
20 the failure of the phrase beginning with the word “allowing” to positively recite the
21 object of allowing as claimed subject matter.

22 The portion of this rejection that is sustained may be overcome by making the
23 syntactic correction that the Appellant indicated would be made, i.e., changing the

1 phrase to “which allows a user to enter.” The Appellant has the right to make an
2 amendment in conformity therewith under 37 C.F.R. § 41.50(c).

3

4 *Claims 15, 16, and 19 rejected under 35 U.S.C. § 102(e) as anticipated by*
5 *Barzilai.*

6 The art applied shows displaying information which allows a user to enter
7 either one of a bid for said item, or an amount that automatically wins the auction
8 (FF08), and claim 15 and the claims that depend from it do not positively recite the
9 entry of such a number in any event (FF03)⁶.

10 The Appellant contends that Barzilai does not display information that allows
11 either a bid amount or an amount that automatically wins to be entered (Br. 7). As
12 the above facts demonstrate, Barzilai displays information that allows an amount to
13 be entered. How the amount is treated by the system is not positively recited, but
14 Barzilai clearly provides for treating the amount as one of the two alternative
15 limitations.

16 Accordingly we sustain the Examiner's rejection of claims 15, 16, and 19 under
17 35 U.S.C. § 102(e) as anticipated by Barzilai.

18

⁶ *Auction This!, Buy Price Auctions*, p. 136, suggests the construction that the Appellant appears to argue, *viz.* entering an amount that the auction system will interpret as being one of a bid for said item, or an amount that automatically wins the auction, according to the user's selection of which of those two ways to treat the amount (Answer 9), and would be appropriate to add to the rejection were the claims so amended.

Claim 28 rejected under 35 U.S.C. § 102(e) as anticipated by Holden.

Holden fails to show treating a bid received within a predetermined period of time before an end time of an auction less favorably than bids received prior to said predetermined period, and thus cannot show lack of novelty (FF13).

Accordingly we do not sustain the Examiner's rejection of claim 28 under 35 U.S.C. § 102(e) as anticipated by Holden.

Claims 5-7 rejected under 35 U.S.C. § 103(a) as obvious over Shoham and eBay

10 The art applied shows defining rules for actions in an auction, said rules
11 including at least a time when the action will take place, and an actual action that
12 will take place at the defined time; and keeping the rules secret until the defined
13 time (FF17 & 18). The Appellant contends that eBay's reserve price rule fails to
14 include a time and action and is not a bidding rule (Br. 8). However, as the above
15 Findings of Fact (FF17 & 18) show, the rule pertains to how the bidding is
16 responded to, contains the action of requiring the reserve price hurdle to be
17 overcome, and specifies the time as that when this hurdle is overcome.

18 Accordingly we sustain the Examiner's rejection of claims 5-7 under 35 U.S.C.
19 § 103(a) as obvious over Shoham and eBay Help.

20

23 The applied art shows or suggests making a decision at the local computer to
24 accept or reject a new bid from a user at the local computer; and only if the new

1 bid is accepted at said local computer, sending information about the new bid to
2 the server computer, wherein said accepting a bid comprises comparing a local bid
3 to said highest bid information, and sending said information to said server
4 computer only when said local bid is higher than said highest bid information
5 (FF21). The Appellant contends that the Examiner's use of a live auction analogy
6 in the analysis of the rejection is inappropriate because a live auction does not
7 involve storing high bids. Certainly the reference to live versions of a claimed
8 automated process is appropriate for assisting in an analysis. As to the teachings of
9 where the high bid is stored, as the above facts demonstrate, Harrington provides
10 the requisite teaching.

11 Accordingly we sustain the Examiner's rejection of claims 9-11 under 35
12 U.S.C. § 103(a) as obvious over Shoham and Harrington.

13

14 *Claims 23, 24, and 27 rejected under 35 U.S.C. § 103(a) as obvious over Barzilai*
15 *and Auction This!.*

16 The reference to a web browser in Auction This! suggests automatically
17 updating said displaying on each of said plurality of computers with new
18 information (FF25).⁷

19 The Appellant contends that refreshing a display following manual triggering
20 of a refresh button is not automatic refresh (Br. 10). However, the Appellant has
21 not limited the scope of the degree of automation, and the automatic nature of the

⁷ Also, although not part of the art applied in this rejection, Harrington describes automatically updating clients by the server in an auction environment (FF19).

1 screen refresh following the triggering of a refresh button is within the broad scope
2 of the claim.

3 Accordingly we sustain the Examiner's rejection of claims 23, 24, and 27 under
4 35 U.S.C. § 103(a) as obvious over Barzilai and Auction This!.

5

6 *Claims 25 and 26 rejected under 35 U.S.C. § 103(a) as obvious over Barzilai,
7 Auction This!, and Dinwoodie.*

8 The art applied shows or suggests streaming video or stop motion video in an
9 auction environment (FF28).

10 Accordingly we sustain the Examiner's rejection of claims 25 and 26 under 35
11 U.S.C. § 103(a) as obvious over Barzilai, Auction This!, and Dinwoodie.

12

13 *Claim 17 rejected under 35 U.S.C. § 103(a) as obvious over Barzilai and Ladner.*

14 The art applied shows or suggests a three-dimensional view of an item for sale
15 in an auction environment (FF31). The Appellant contends that Ladner does not
16 show an auction context (Br. 11). However, an auction is a method of selling, and
17 Barzilai makes the connection between linking sales and auctions within the same
18 system, so Ladner's sales context would have been obvious to a person of ordinary
19 skill in the art.

20 Accordingly we sustain the Examiner's rejection of claim 17 under 35 U.S.C.
21 § 103(a) as obvious over Barzilai and Ladner.

22

Claim 18 rejected under 35 U.S.C. § 103(a) as obvious over Barzilai and Scaer.

The art applied shows or suggests a screen tip indicating bid amounts (FF35).

The Appellant contends that Scaer does not show screen tips within an auction context. However, Scaer's teaching is a generic method of providing help. It would have been obvious to a person of ordinary skill in the art to have provided help, and thus Scaer's form of help, to Barzilai's auction because of the known complexity of auction procedures.

Accordingly we sustain the Examiner's rejection of claim 18 under 35 U.S.C.

§ 103(a) as obvious over Barzilai and Scaer.

Claim 20 rejected under 35 U.S.C. § 103(a) as obvious over Shoham and Scaer.

The art applied shows or suggests a screen tip associated with items for sale (36).

Accordingly we sustain the Examiner's rejection of claim 20 under 35 U.S.C. 103(a) as obvious over Shoham and Scaer.

Claims 21 and 22 rejected under 35 U.S.C. § 103(a) as obvious over Shoham, Barzilai, and Scaer.

The art applied shows or suggests a screen tip associated with items for sale (36).

Accordingly we sustain the Examiner's rejection of claims 21 and 22 under 35 U.S.C. § 103(a) as obvious over Shoham, Barzilai, and Scaer.

1 *Claim 29 rejected under 35 U.S.C. § 103(a) as obvious over Holden.*

2 Claim 29 depends from claim 28, whose rejection we have not sustained,
3 *supra*. Accordingly we do not sustain the Examiner's rejection of claim 29 under
4 35 U.S.C. § 103(a) as obvious over Holden.

5

6 *Claims 30 and 32 rejected under 35 U.S.C. § 103(a) as obvious over Holden and*
7 *Alaia.*

8 Claim 30 depends from claim 28, and claim 32 contains a similar limitation to
9 that of claim 30, whose rejection we have not sustained, *supra*. Accordingly we do
10 not sustain the Examiner's rejection of claims 30 and 32 under 35 U.S.C. § 103(a)
11 as obvious over Holden and Alaia.

12

13 NEW GROUNDS OF REJECTION UNDER 37 C.F.R. § 41.50(b)

14 Pursuant to 37 C.F.R. § 41.50(b), we enter the following new grounds of
15 rejection:

16 Claims 5-7 and 28-32 are rejected under 35 U.S.C. § 101 as being directed
17 toward non-statutory subject matter. In particular, these claims are to methods of
18 collecting bids and applying rules, an abstract idea that lacks a useful, concrete,
19 and tangible result.

20 The scope of patentable subject matter under section 101 is broad, but not
21 infinitely broad. “Congress included in patentable subject matter *only* those things
22 that qualify as ‘any ... process, machine, manufacture, or composition of matter, or
23 any ... improvement thereof....’” *In re Warmerdam*, 33 F.3d 1354, 1358, 31
24 USPQ2d 1754, 1757 (Fed. Cir. 1994) (quoting 35 U.S.C. § 101) (emphasis added).

1 Thus, “[d]espite the oft-quoted statement in the legislative history of the 1952
2 Patent Act that Congress intended that statutory subject matter ‘include anything
3 under the sun that is made by man,’ [citation omitted], Congress did not so
4 mandate.” *Id.*

5 In the case where a claim is for a process, as opposed to a product, “[t]he line
6 between a patentable ‘process’ and an unpatentable ‘principle’ is not always clear.
7 Both are ‘conception[s] of the mind, seen only by [their] effects when being
8 executed or performed.’” *Parker v. Flook*, 437 U.S. 584, 589, 198 USPQ 193, 197
9 (1978) (quoting *Tilghman v. Proctor*, 102 U.S. 707, 728 (1880)).

10 The Supreme Court has held that “[e]xcluded from such patent protection are
11 laws of nature, natural phenomena, and abstract ideas.” *Diamond v. Diehr*, 450
12 U.S. 175, 185, 209 USPQ 1, 7 (1981). “An idea of itself is not patentable.”
13 *Diehr*, 450 U.S. at 185, 209 USPQ at 7 (quoting *Rubber-Tip Pencil Co. v. Howard*,
14 20 Wall. 498, 507, 22 L.Ed. 410 (1874); *Gottschalk v. Benson*, 409 U.S. 63, 67,
15 175 USPQ 673, 675 (1972) (“[M]ental processes, and abstract intellectual concepts
16 are not patentable.”); *see also id.* 409 U.S. at 71, 175 USPQ at 677 (“It is conceded
17 that one may not patent an idea.”)). In contrast, “[i]t is now commonplace that an
18 *application* of a law of nature or mathematical formula [or abstract idea] to a
19 known structure or process may well be deserving of patent protection.” *Diehr*,
20 450 U.S. at 187, 209 USPQ at 8 (emphasis in original).

21 Two instances in which our reviewing court affirmed the statutory nature of
22 subject matter are pertinent to the above facts. In *Arrhythmia*, the court held “the
23 transformation of electrocardiograph signals … by a machine … constituted a
24 practical application of an abstract idea” where “the number obtained is not a
25 mathematical abstraction; it is a measure in microvolts of a specified heart activity,

1 an indicator of the risk of ventricular tachycardia.” *Arrhythmia Research Tech.* v.
2 *Corazonix Corp.*, 958 F.2d 1053, 1060, 22 USPQ2d 1033, 1039 (Fed. Cir. 1992).
3 Likewise, in *State Street*, the court held that “the transformation of data … by a
4 machine … into a final share price, constitutes a practical application of a
5 mathematical algorithm … a final share price momentarily fixed for recording and
6 reporting purposes and even accepted and relied upon by regulatory authorities and
7 in subsequent trades.” *State Street Bank & Trust Co. v. Signature Fin. Group Inc.*,
8 149 F.3d 1368, 1373, 47 USPQ2d 1596, 1601 (Fed. Cir. 1998).

9 In contrast, claims 5-7 and 28-32 accept bids, determine who the bidders are,
10 and define rules. “[T]here is nothing physical about bids per se. Thus, the
11 grouping or regrouping of bids cannot constitute a physical change, effect, or
12 result.” *In re Schrader*, 22 F.3d 290, 293-94, 30 USPQ2d 1455, 1458 (Fed. Cir.
13 1994). Thus, these claims are directed toward no more than the idea of conducting
14 an auction with auction rules and bids. They produce no useful, concrete and
15 tangible result because they are not instantiated within a physical embodiment that
16 results in the transfer of property of an actual auction. Even the almost gratuitous
17 references to a network in claims 28-32 do no more than attempt to exalt form over
18 substance in introducing a term that creates the illusion of physicality in some
19 embodiments, but even to convey a representation of an abstraction over an
20 electronic network is still no more than manipulating an abstraction, and societal
21 networks of auction houses (e.g. Christies, from 1766), that convey bids are too
22 notoriously old and well known to so narrowly construe this term.

23 Thus, claims 5-7 and 28-32 fail to claim statutory subject matter.

REMARKS

The Appellants requested reconsideration of the outstanding restriction against claims 1-4 (Br. 7). However, this relates to a petitionable matter and not to an appealable matter. *See In re Schneider*, 481 F.2d 1350, 1356-57, 179 USPQ 46, 51 (CCPA 1973) and *In re Mindick*, 371 F.2d 892, 894, 152 USPQ 566, 568 (CCPA 1967). *See also MPEP* § 1002.02(c), item 3(a) and § 1201. Thus, the relief sought by the Appellant would have been properly presented by a petition to the Commissioner under 37 C.F.R. § 1.181 instead of by appeal to this Board. Accordingly, we will not further consider this issue.

DECISION

To summarize, our decision is as follows:

- The rejection of claims 15-19 under 35 U.S.C. § 112, second paragraph, as failing to particularly point out and distinctly claim the invention, as it pertains to the narrow grammatical error in the phrase “which allows entering a user to enter,” is sustained.
 - This rejection may be overcome by making the syntactic correction that the Appellant indicated would be made, i.e., changing the phrase to “which allows a user to enter.”
 - The Appellant has the right to make an amendment in conformity therewith under 37 C.F.R. § 41.50(c).
 - The rejection of claims 15-19 and 29 under 35 U.S.C. § 112, second paragraph, as failing to particularly point out and distinctly claim the invention as they pertain to the failure of the phrase beginning with the word

1 “allowing” to positively recite the object of allowing as claimed subject
2 matter is not sustained.

- 3 • The rejection of claims 15, 16, and 19 under 35 U.S.C. § 102(e) as
4 anticipated by Barzilai is sustained.
- 5 • The rejection of claim 28 under 35 U.S.C. § 102(e) as anticipated by Holden
6 is not sustained.
- 7 • The rejection of claims 5-7 under 35 U.S.C. § 103(a) as obvious over
8 Shoham and eBay Help is sustained.
- 9 • The rejection of claims 9-11 under 35 U.S.C. § 103(a) as obvious over
10 Shoham and Harrington is sustained.
- 11 • The rejection of claims 23, 24, and 27 under 35 U.S.C. § 103(a) as obvious over
12 Barzilai and Auction This! is sustained.
- 13 • The rejection of claims 25 and 26 under 35 U.S.C. § 103(a) as obvious over
14 Barzilai, Auction This!, and Dinwoodie is sustained.
- 15 • The rejection of claim 17 under 35 U.S.C. § 103(a) as obvious over Barzilai
16 and Ladner is sustained.
- 17 • The rejection of claim 18 under 35 U.S.C. § 103(a) as obvious over Barzilai
18 and Scaer is sustained.
- 19 • The rejection of claim 20 under 35 U.S.C. § 103(a) as obvious over Shoham
20 and Scaer is sustained.
- 21 • The rejection of claims 21 and 22 under 35 U.S.C. § 103(a) as obvious over
22 Shoham, Barzilai, and Scaer is sustained.

- 1 • The rejection of claim 29 under 35 U.S.C. § 103(a) as obvious over Holden
2 is not sustained.
- 3 • The rejection of claims 30 and 32 under 35 U.S.C. § 103(a) as obvious over
4 Holden and Alaia is not sustained.
- 5 • Pursuant to 37 C.F.R. § 41.50(b), we enter the following new grounds of
6 rejection:
 - 7 o Claims 5-7 and 28-32 are rejected under 35 U.S.C. § 101 as being
8 directed toward non-statutory subject matter.

9
10 Regarding the affirmed rejection(s), 37 C.F.R. § 41.52(a)(1) provides
11 "Appellant may file a single request for rehearing within two months from the date
12 of the original decision of the Board."

13 In addition to affirming the Examiner's rejection(s) of one or more claims, this
14 decision contain a new ground of rejection pursuant to 37 C.F.R. § 41.50(b)
15 (effective September 13, 2004, 69 Fed. Reg. 49960 (August 12, 2004), 1286 Off.
16 Gaz. Pat. Office 21 (September 7, 2004)). 37 C.F.R. § 41.50(b) provides "[a] new
17 ground of rejection pursuant to this paragraph shall not be considered final for
18 judicial review."

19 37 C.F.R. § 41.50 (b) also provides that the Appellant, *WITHIN TWO*
20 *MONTHS FROM THE DATE OF THE DECISION*, must exercise one of the
21 following two options with respect to the new ground of rejection to avoid
22 termination of the appeal as to the rejected claims:

23 (1) Reopen prosecution. Submit an appropriate amendment of the claims so
24 rejected or new evidence relating to the claims so rejected, or both, and have the

1 matter reconsidered by the examiner, in which event the proceeding will be
2 remanded to the examiner

3

4 (2) Request rehearing. Request that the proceeding be reheard under § 41.52 by
5 the Board upon the same record

6

7 Should the Appellant elect to prosecute further before the Examiner pursuant to
8 37 C.F.R. § 41.50(b)(1), in order to preserve the right to seek review under 35
9 U.S.C. §§ 141 or 145 with respect to the affirmed rejection, the effective date of
10 the affirmance is deferred until conclusion of the prosecution before the Examiner
11 unless, as a mere incident to the limited prosecution, the affirmed rejection is
12 overcome.

13 If the Appellant elects prosecution before the Examiner and this does not result
14 in allowance of the application, abandonment or a second appeal, this case should
15 be returned to the Board of Patent Appeals and Interferences for final action on the
16 affirmed rejection, including any timely request for rehearing thereof.

Appeal 2007-0325
Application 09/780,248

1 No time period for taking any subsequent action in connection with this appeal
2 may be extended under 37 C.F.R. § 1.136(a) (2006).

AFFIRMED-IN-PART -37 C.F.R. § 41.50(b)

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